

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

EAST CENTRAL
INTERGOVERNMENTAL ASSOCIATION
DUBUQUE, IOWA

June 30, 2004

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TOSTRUD & TEMP, S.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Council Members
East Central Intergovernmental
Association
Dubuque, Iowa 52004

We have audited the accompanying basic financial statements of the East Central Intergovernmental Association as of June 30, 2004, and for the year then ended, as listed in the table of contents. These basic financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the East Central Intergovernmental Association as June 30, 2004, and the respective changes in financial position and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note B, the Association has implemented a new financial reporting model, as required by the provisions of GASB Statement No.34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of July 1, 2003.

The management's discussion and analysis and budgetary comparison information on pages 5 through 5H and pages 27 through 28 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the East Central Intergovernmental Association's basic financial statements. The schedule of expenditures of federal awards, which is required by the United States Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements of East Central Intergovernmental Association. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated September 10, 2004 on our consideration of the East Central Intergovernmental Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Foster & Temp, S.C.

September 10, 2004

EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION MANAGEMENT'S DISCUSSION AND ANALYSIS

The East Central Intergovernmental Association (ECIA) is a membership supported organization of local governmental bodies in Cedar, Clinton, Delaware, Dubuque, and Jackson Counties in eastern Iowa. The purpose of ECIA is to provide management and technical assistance to local government staff and elected officials.

ECIA exists because of a need for local governments facing similar problems to cooperate in finding solutions. This cooperative effort, through ECIA membership, provides greater resources to local governments than they would be able to afford individually. The sharing of resources and discussion of common concerns vastly improves the quality and consistency of solutions to local and regional problems. Costs are held at a level that allows all local governments in the region to participate. ECIA strives to provide "A Regional Response to Local Needs."

As management of ECIA, we offer the readers of ECIA's financial statements this narrative overview and analysis of the financial activities of ECIA for the year ended June 30, 2004. The financial statements of ECIA consist of the operations of ECIA (a planning agency) and Workforce Investment Act (WIA) (job training and retraining programs administered by ECIA). The financial statements do not include ECIA Business Growth, Inc. or Eastern Iowa Regional Housing Authority, which have been formed as separate and distinct entities.

We encourage readers to consider the information presented here in conjunction with ECIA's financial statements, which follow this discussion and analysis. This report represents ECIA's initial implementation of the Governmental Accounting Standards Board (GASB) Statement 34 reporting model.

During Fiscal 2004, ECIA faced the challenge of maintaining quality programs and services for our member communities in spite of decreases in Federal funding. In order to address this issue, we focused on our strengths and successes, doing more of what we do best such as codifications and annexation studies, while becoming more entrepreneurial and creating new partnerships, such as Clarke College grant writing, Greater Dubuque Development Corporation code review and small city utility billing. We also developed strong ties to the private sector, developing partnerships that will expand our programs. These relationships serve as a good foundation as we transition into Fiscal 2005.

FINANCIAL HIGHLIGHTS

- The assets of ECIA exceeded its liabilities at June 30, 2004 by \$273,360 (net assets). Of this amount, \$252,644 (unrestricted net assets) may be used to meet ECIA's ongoing obligations to member communities and creditors.
- ECIA's net assets increased by 8.17%, or \$20,655, from June 30, 2003 to June 30, 2004.
- As of the close of the fiscal year, ECIA's fund balance was \$252,644, an increase of \$28,712 in comparison with the prior year.

- Total revenues decreased 14.6%, or approximately \$611,000, from fiscal 2003 to fiscal 2004. This was primarily due to the closeout of several National Emergency Grants at the end of fiscal 2003. Total expenditures decreased 15.3%, or approximately \$639,000 from fiscal 2003 to fiscal 2004. This is also primarily due to the decrease in National Emergency Grant activity.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to ECIA's basic financial statements. The financial statements included in this report are designed to provide readers with a broad overview of ECIA's finances, in a manner similar to a private sector business. ECIA utilizes the accrual basis of accounting, which recognizes revenues and expenses when earned, regardless of when cash is received or paid. The following statements are included in this report:

- **Statement of Net Assets** – This statement presents information on all of ECIA's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of ECIA is improving or deteriorating.
- **Statement of Activities** – This statement is prepared on the accrual basis of accounting and presents functional expenses offset by revenue sources that are directly related.
- **Balance Sheet Governmental Funds** – This statement is prepared on the current financial resources measurement focus that generally only includes current assets and current liabilities.
- **Statement of Revenues, Expenses and Changes in Fund Balance** – This statement is prepared on the modified accrual basis of accounting and reports ECIA's operating revenue by major source, along with operating expenses.
- **A reconciliation between the full accrual basis accounting statement (Statement of Activity) and the modified accrual basis statement (Statement of Revenues, Expenses and Changes in Fund Balance).**
- **Notes to financial statements** – This section provides additional information that is essential to a full understanding of the data provided in the financial statements.
- **Supplemental Information** – In addition to the basic financial statements and accompanying notes, this section of the report presents certain required supplementary information, providing detailed information by program and by project, as well as a schedule of Federal Financial Assistance.

ANALYSIS OF NET ASSETS

As previously noted, net assets may serve over time as a useful indicator of ECIA's financial position. ECIA's net assets increased by \$20,655 from a year ago. The analysis that follows illustrates the changes in the components that make up net assets.

STATEMENT OF NET ASSETS

	2004	2003	NET CHANGE	PERCENT CHANGE
Cash and investments	59,267	81,860	(22,593)	(27.6)
Other Current Assets	375,860	291,007	84,853	29.2
Capital Assets	30,360	48,348	(17,988)	(37.2)
Total Assets	465,487	421,215	44,272	10.5
Current Liabilities	192,127	158,867	33,260	20.9
Long-Term Liabilities	0	9,643	(9,643)	(100.0)
Total Liabilities	192,127	168,510	23,617	14.0
Net Investment in Capital Assets	20,716	48,348	(27,632)	(57.2)
Unreserved	252,644	204,357	48,287	23.6
Total Net Assets	273,360	252,705	20,655	8.2

Total assets increased by approximately 10.5%, from \$421,215 in FY2003 to \$465,487 in FY 2004. This increase was attributable to the increase in the Accounts Receivable component of Other Current Assets, coupled with a decrease in Cash and Capital Assets.

Accounts Receivable increased from \$241,634 in FY2003 to \$317,671 in FY2004 primarily due to increased charges to the Eastern Iowa Regional Housing Authority (EIRHA) for staff and administrative expense. These increased costs were the result of EIRHA overseeing the construction of a low-income housing tax credit project in Peosta, Iowa.

Cash decreased by \$22,593, primarily due to a decrease in the cash in the Workforce Investment Act (WIA) program, which resulted from more accurate estimates of program obligations. Capital assets decreased \$17,988 due to the sale or disposal of computer equipment no longer in service.

Current liabilities increased from \$158,867 in FY2003 to \$192,127 in FY2004. This increase of \$33,260 is primarily the result of an increase in the accrued liability for employee vacation pay. ECIA employees accumulate vacation hours for subsequent use or for payment upon termination, retirement or death. During FY2004, the Personnel Policies were amended to allow a higher rate of accrual for employees with greater than 10 years of service, to enable an employee to carry over up to 16 hours of compensatory time from month to month, and to allow unused vacation to be carried for an additional 3 months past the employee's anniversary date. In addition to these factors, more employees chose to delay the use of their vacation time until FY2005.

The long-term liability line item reflects the loan for two agency vehicles. In FY2003, \$9,643 of this loan amount was classified as long-term. In FY2004, the entire balance of the loan was classified as a current liability.

ANALYSIS OF REVENUES AND EXPENDITURES

In FY2004 and FY 2003, total revenues were \$3,577,180 and \$4,188,394 respectively, a decrease of \$611,214 or 14.6%. Total Expenditures for the same period decreased \$638,788 or 15.3%. A comparison of income and expenditures is outlined in the following table.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

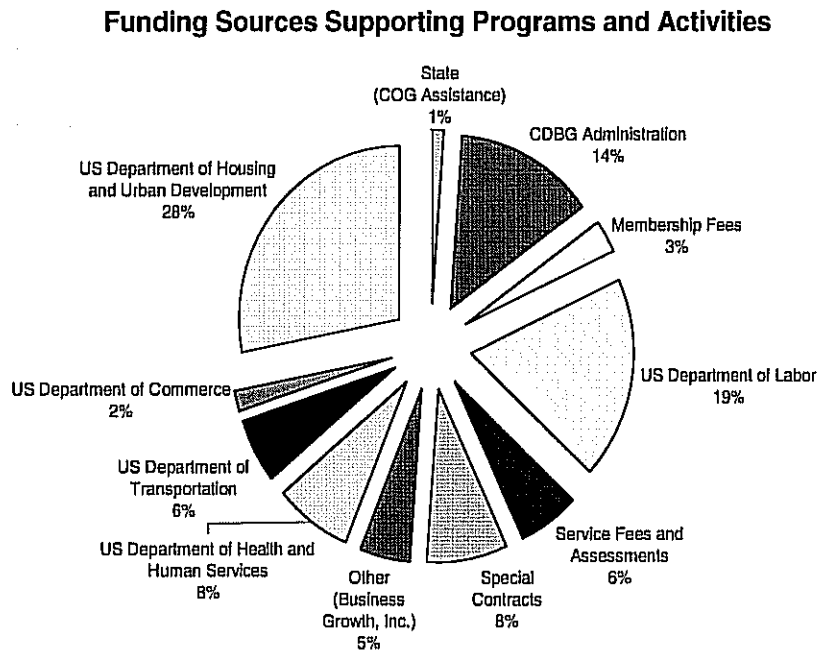
	2004	2003	NET CHANGE	PERCENT CHANGE
REVENUES				
Federal	299,564	206,670	92,894	44.9
State of Iowa	13,558	11,659	1,899	16.3
State of Wisconsin	787	788	(1)	(0.1)
Membership Fees	77,810	77,810	0	0.0
Fees and assessments	265,623	112,056	153,567	137.0
EIRHA	720,660	699,440	21,220	3.0
Maquoketa Housing Authority	49,627	0	49,627	
CDBG Admin	309,140	310,578	(1,438)	(0.5)
Other Revenue	134,968	118,173	16,795	14.2
Workforce Investment Act	1,701,147	2,593,495	(892,348)	(34.4)
Interest	546	1,643	(1,097)	(66.8)
Sale of Equipment	3,750	0	3,750	
WIA pass-through grant	0	56,082	(56,082)	(100.0)
Total Revenues	3,577,180	4,188,394	(611,214)	(14.6)
EXPENDITURES				
Salaries, wages and benefits	2,083,215	1,976,031	107,184	5.4
Office supplies & operating materials	28,183	28,035	148	0.5
Conference and training	22,428	18,015	4,413	24.5
Business travel	82,635	98,165	(15,530)	(15.8)
Printing	8,719	12,692	(3,973)	(31.3)
Equip rental and maint	8,217	7,626	591	7.7
Insurance and bonding	25,703	22,387	3,316	14.8
Dues and subscriptions	9,093	9,868	(775)	(7.9)
Telephone	20,569	19,152	1,417	7.4
Postage	37,262	31,051	6,211	20.0
Rent & utilities	109,534	86,860	22,674	26.1
Advertising	1,530	2,100	(570)	(27.1)
Professional fees	60,876	67,362	(6,486)	(9.6)
Equipment purchases	6,531	58,288	(51,757)	(88.8)
Long-term debt principal	9,931	9,357	574	6.1
Miscellaneous	6,590	5,572	1,018	18.3
WIA program costs	1,027,452	1,678,613	(651,161)	(38.8)
WIA pass-through to sub-grantee	0	56,082	(56,082)	(100.0)
Total Expenditures	3,548,468	4,187,256	(638,788)	(15.3)
Excess of Revenues over Expenditures	28,712	1,138	27,574	2423.0
Beginning Fund Balance	223,932	222,794	1,138	
Ending Fund Balance	252,644	223,932	28,712	12.8

The largest change in Revenue was related to the WIA programs, which reflect a decrease of \$892,348. National Emergency grants for Farmland, Tredegar and Monona Wire were closed out at the end of Fiscal 2003. In addition, funding for the Welfare to Work program was rescinded in Fiscal 2004. The WIA pass-through grant was also closed out at the end of Fiscal 2003, resulting in decreased revenues of \$56,082. Interest income decreased by \$1,097 between years as a result of lower interest rates in the financial market.

On the positive side, Federal Revenue increased \$92,894 or 44.9% due to a \$50,000 grant from the Community Transportation Association of America and a \$47,000 Hazard Mitigation grant. Fees and Assessments reflected a \$153,567 or 137% increase over Fiscal 2003 due to the addition of outside contracts, such as the grant writing agreement with Clarke College, the contract with National Consulting Alliance to perform environmental assessments for low- to moderate-income housing projects funded through the State HOME Program, a contract with Tricon Construction to oversee the construction of the Peosta low income housing tax credit project, a grant for the development of an accounting/utility billing software template for small communities and an increase in the number of building code inspections performed for the city of Asbury.

The category entitled Other Revenue increased \$16,795 or 14.2% due to increased loan activity for ECIA Business Growth, Inc. In addition, approximately \$50,000 in revenue was generated from the administration of the Maquoketa Housing Authority from December 2003 – March 2004 and \$3,800 from the sale of computer equipment no longer in use.

Revenue by Funding Source for Fiscal 2004 is illustrated as follows:



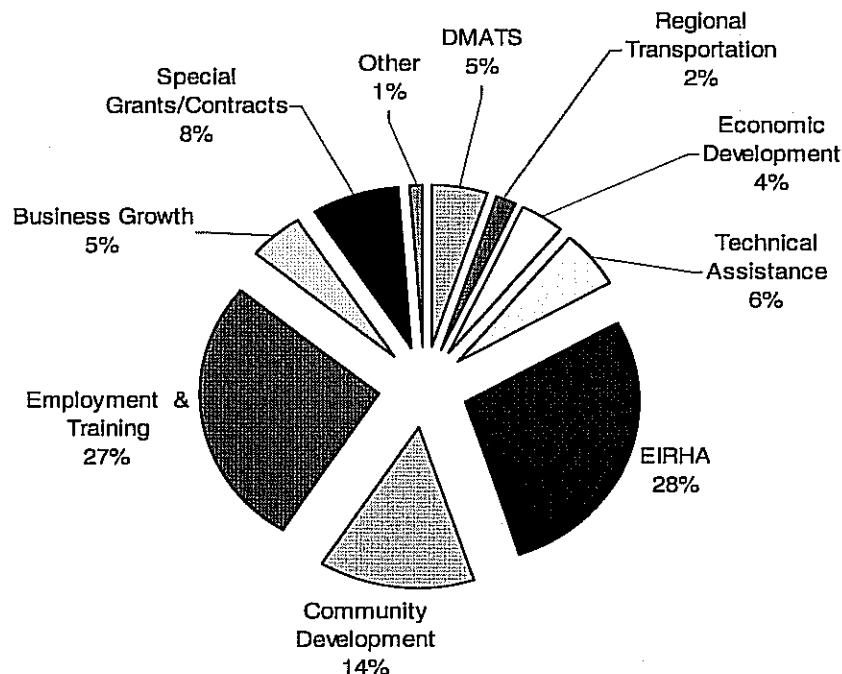
The largest change in Expenditures was also related to the WIA programs, which reflected a decrease of \$651,161. This was due to the funding changes as noted in the Revenue section above. Conference and training expense increased \$4,413 as a result of additional training opportunities for the WIA staff. Business travel decreased by \$15,530 as a result of the WIA staff reductions at the end of Fiscal 2003.

Printing costs reflected a decrease of \$3,973 as ECIA printed only two newsletters during Fiscal 2004 versus four in Fiscal 2003. Insurance expense increased by \$3,316 due to the increased cost of liability coverage for housing inspectors. Postage costs increased by \$6,211 due to an increase in the volume of mail generated by EIRHA (Maquoketa Housing and Peosta Tax Credit Project) and the processing of mail for the WIA programs (formerly handled as an overhead cost by their landlord - Iowa Workforce Development).

An increase of \$22,674 is reflected for Rent & Utilities Expense. The Fiscal 2003 amount for this category included 9 months in the Pennsylvania office, while Fiscal 2004 included a full 12 months. Advertising expense decreased \$570, primarily due to fewer open staff positions in Fiscal 2004.

Equipment purchases decreased by \$51,757. Fiscal 2003 equipment purchases included new computers for the WIA staff (\$15,000) and furniture/equipment for the Pennsylvania office (\$10,000). Equipment purchases in Fiscal 2004 included a new computer server and battery backup (\$5,200) and office furniture (\$1,300). Miscellaneous expense increased by \$1,018 due to the increased cost of the annual banquet and team building activities.

Expenditures by program during Fiscal 2004 are illustrated as follows:



OVERVIEW OF BUDGETS

ECIA annually adopts a budget on a basis consistent with generally accepted accounting principles. Budgets are adopted for the general fund and appropriations lapse at fiscal year end. Salaries and operating expenses are allocated in accordance with a pre-approved "Cost Allocation Plan."

The ECIA Council approved one budget amendment in May 2004. Differences between the original budget and the final amended budget can be summarized as follows:

- The original revenue budget of \$2,353,930 was increased to \$2,569,718, an increase of \$215,788. This increase was primarily the result of unanticipated revenue from the CTAA grant, Eagle Foods National Emergency Grant, Maquoketa Housing Authority, Peosta low income housing tax credit project and various contracts secured in Program 40 for technical assistance.
- The original expenditure budget of \$2,351,593 was increased to \$2,558,536, an increase of \$206,943.

Salaries/benefits expense was increased approximately \$166,000 due to the following staffing changes:

- Addition of a housing manager due to Maquoketa responsibilities
- Conversion of a temporary secretarial position to a permanent administrative assistant position
- Addition of temporary staff person for 6 months in the WIA programs to cover for staff medical absence
- Addition of WIA staff person to manage the Eagle Foods National Emergency Grant

Professional services was increased approximately \$24,000 to reflect the cost of employing a secretary through a temporary employment agency for the majority of the fiscal year. The administrative assistant/secretarial pool has been restructured and ECIA is no longer utilizing this service. The remaining increase of approximately \$17,000 was due to an increase in long-term debt expense, as the original budget did not include the expense for the loan payments on the agency owned vehicles and an increase in Rent/Utilities as this was the first full year of experience in a new office building.

RESULTS OF OPERATIONS

ECIA's management was pleased with the operating results for the fiscal year ending June 30, 2004. The amended budget anticipated excess revenue over expenditures of \$11,182. Actual results of operations reflected a profit of \$28,712.

Operating revenues were approximately \$20,000 less than budgeted due to lower than anticipated income from CDBG administration as staff in that department increased the time spent performing Asbury building code inspections.

Operating expenditures were \$37,520 less than budgeted, primarily due to the inclusion of depreciation expense, a non-cash item, in the budget total along with lower than projected salary expense. The following table illustrates these points.

COMPARISON OF BUDGET VS. ACTUAL

	BUDGET	ACTUAL	VARIANCE	PERCENT
REVENUES				
Federal	263,890	299,564	35,674	11.9
State of Iowa	13,558	13,558	0	0.0
State of Wisconsin	0	787	787	100.0
Membership Fees	77,810	77,810	0	0.0
Fees and assessments	159,078	265,623	106,545	40.1
EIRHA	847,584	720,660	(126,924)	(17.6)
Maquoketa Housing Authority	49,627	49,627	0	0.0
CDBG Admin	365,037	309,140	(55,897)	(18.1)
Other	122,041	134,968	12,927	9.6
Workforce Investment Act	670,484	673,695	3,211	0.5
Interest	609	546	(63)	(11.5)
Sale of Equipment	0	3,750	3,750	100.0
Total Revenues	2,569,718	2,549,728	(19,990)	(0.8)
EXPENDITURES				
Salaries, wages and benefits	2,106,900	2,083,215	(23,685)	(1.1)
Office supplies & operating materials	30,000	28,183	(1,817)	(6.4)
Conference and training	14,000	22,428	8,428	37.6
Business travel	76,000	82,635	6,635	8.0
Printing	9,000	8,719	(281)	(3.2)
Equip rental and maint	8,000	8,217	217	2.6
Insurance and bonding	25,000	25,703	703	2.7
Dues and subscriptions	10,000	9,093	(907)	(10.0)
Telephone	20,400	20,569	169	0.8
Postage	36,000	37,262	1,262	3.4
Rent & utilities	109,000	109,534	534	0.5
Advertising	2,000	1,530	(470)	(30.7)
Professional fees	63,773	60,876	(2,897)	(4.8)
Equipment purchases	6,531	6,531	0	0.0
Depreciation	24,521	0	(24,521)	
Long-term debt principal	9,932	9,931	(1)	(0.0)
Miscellaneous	7,479	6,590	(889)	(13.5)
Total Expenditures	2,558,536	2,521,016	(37,520)	(1.5)
Excess of Revenues over Expenditures	11,182	28,712	17,530	61.1

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2004, ECIA had \$30,360 invested in capital assets (net of depreciation), including office furniture and equipment, agency vehicles and leasehold improvements. Total outstanding debt was \$9,643, which represents the outstanding balance of the loan used to purchase the agency vehicles.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

ECIA's management and Council considered many factors when setting the fiscal year 2005 budget and the fees that will be charged for services, endeavoring to keep costs low for our members, while covering staff and overhead costs. There will be no increase in membership fees in Fiscal 2005. Fees will remain at \$.40 per capita. The hourly billing rates for the Executive Director, Assistant Director, Program Directors and Secretaries will increase slightly in order to cover staff and overhead costs. Increases in employee health insurance costs will continue to be a concern in the year ahead. Decreases in State and Federal funding levels will also be a concern.

Looking forward to 2005, ECIA staff will continue to challenge ourselves to search for new funding opportunities for our members and for the agency; will build on our strengths; and will look for new methods and strategies that will enhance our overall effectiveness and efficiency and make us more entrepreneurial. ECIA prides itself on being an extension of city/county staff and we will continue to provide "A Regional Response to Local Needs."

FINANCIAL CONTACT

These financial statements are designed to provide our member communities, funding agencies and creditors with a general overview of ECIA's finances and to show ECIA's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to ECIA's Executive Director or Finance Director, 3999 Pennsylvania Avenue, Suite 200, Dubuque, IA 52002.

BASIC FINANCIAL STATEMENTS

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF NET ASSETS
June 30, 2004

	Governmental Activities	Total
ASSETS		
Current assets		
Cash and investments	\$ 59,267	\$ 59,267
Accounts receivable	317,671	317,671
Prepaid fees and expenses	58,189	58,189
Total current assets	435,127	435,127
Noncurrent assets		
Property and Equipment		
Leasehold improvements	3,504	3,504
Equipment and furniture	146,977	146,977
Less accumulated depreciation	(120,121)	(120,121)
Total noncurrent assets	30,360	30,360
Total assets	\$ 465,487	\$ 465,487
LIABILITIES		
Current liabilities		
Excess of outstanding checks over bank balance	\$ 1,835	\$ 1,835
Current portion of long-term obligations	9,644	9,644
Accounts payable	33,062	33,062
Deferred revenue		
Prepaid memberships	13,632	13,632
Unearned grant revenue	7,773	7,773
Accrued liabilities		
Vacation and holiday pay	101,413	101,413
Salaries and wages	11,755	11,755
Other	13,013	13,013
Total current liabilities	192,127	192,127
Noncurrent liabilities		
Noncurrent portion of long-term obligations	-	-
Total liabilities	192,127	192,127
NET ASSETS		
Investment in capital assets net of related debt	20,716	20,716
Unrestricted	252,644	252,644
Total net assets	273,360	273,360
Total liabilities and net assets	\$ 465,487	\$ 465,487

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa

STATEMENT OF ACTIVITIES
For the year ended June 30, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities							
Salaries, wages and fringe benefits	\$ 2,083,215	\$ 1,313,573	\$ 783,118	\$ -	\$ 13,476	\$ -	\$ 13,476
Office supplies	28,151	17,751	10,582	-	182	-	182
Operating materials	32	20	12	-	-	-	-
Conferences and training	22,428	14,142	8,431	-	145	-	145
Business travel	82,635	52,106	31,064	-	535	-	535
Printing	8,719	5,498	3,278	-	57	-	57
Equipment rental and maintenance	8,217	5,181	3,089	-	53	-	53
Insurance and bonding	25,703	16,207	9,662	-	166	-	166
Dues and subscriptions	9,093	5,734	3,418	-	59	-	59
Telephone	20,569	12,970	7,732	-	133	-	133
Postage	37,262	23,496	14,007	-	241	-	241
Rent	109,534	69,067	41,176	-	709	-	709
Advertising	1,530	965	575	-	10	-	10
Professional fees	60,876	38,385	22,884	-	393	-	393
Depreciation	24,519	15,460	9,217	-	158	-	158
Miscellaneous	6,590	4,155	2,477	-	42	-	42
WIA program costs	1,027,452	-	1,027,452	-	-	-	-
Total governmental activities	\$ 3,556,525	\$ 1,594,710	\$ 1,978,174	\$ -	16,359	-	16,359
General revenues							
Interest					546		
Miscellaneous					3,750	-	3,750
Total general revenues					4,296	-	3,750
Change in net assets					20,655	-	20,655
Net assets at beginning of year					252,705	-	252,705
Net assets at end of year					\$ 273,360	\$ -	\$ 273,360

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2004

	ECIA	WIA	
	General Fund	Special Revenue Fund	Total
ASSETS			
Cash and investments	\$ 53,125	\$ 6,142	\$ 59,267
Accounts receivable	317,671	-	317,671
Prepaid fees and expenses	56,354	1,835	58,189
	<u>\$ 427,150</u>	<u>\$ 7,977</u>	<u>\$ 435,127</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Excess of outstanding checks over bank balance	\$ -	\$ 1,835	\$ 1,835
Accounts payable	27,221	5,841	33,062
Accrued liabilities			
Vacation and holiday pay	101,413	-	101,413
Salaries and wages	11,755	-	
Other	13,013	-	13,013
Deferred revenue			
Prepaid memberships	13,632	-	13,632
Unearned grant revenue	7,472	301	7,773
	<u>174,506</u>	<u>7,977</u>	<u>182,483</u>
Fund balance - unreserved	<u>252,644</u>	<u>-</u>	<u>252,644</u>
	<u>\$ 427,150</u>	<u>\$ 7,977</u>	

Total net assets reported for governmental activities in the statement of net assets are different from the amount reported above as total governmental funds fund balance because:

Capital assets used in government activities are not financial resources and therefore not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental capital assets	\$ 150,481	
Governmental accumulated depreciation	<u>(120,121)</u>	30,360

Long term liabilities, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Long-term liabilities reported in the statement of net assets that are not reported in the funds balance sheet are:

General obligation debt	<u>(9,644)</u>	<u>(9,644)</u>
Total net assets - governmental activities		<u>\$ 273,360</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**
For the year ended June 30, 2004

	<u>ECIA</u>	<u>WIA</u>	
	General	Special	
	Fund	Revenue	<u>Total</u>
		Fund	
Revenues			
Federal	\$ 299,564	\$ -	\$ 299,564
State of Iowa	13,558	-	13,558
State of Wisconsin	787	-	787
Membership fees	77,810	-	77,810
Fees and assessments	265,623	-	265,623
Other	134,968	-	134,968
Eastern Iowa Regional			
Housing Authority (EIHRA)	720,660	-	720,660
Maquoketa Housing Authority	49,627	-	49,627
Economic Development Set-Aside	1,789	-	1,789
CDBG administration	307,351	-	307,351
Workforce Investment Act (WIA) grants	673,695	1,027,452	1,701,147
Interest	546	-	546
Sale of equipment	3,750	-	3,750
	<u>2,549,728</u>	<u>1,027,452</u>	<u>3,577,180</u>
Total revenues	2,549,728	1,027,452	3,577,180
Expenditures			
Salaries, wages and fringe			
benefits	2,083,215	-	2,083,215
Office supplies	28,151	-	28,151
Operating materials	32	-	32
Conferences and training	22,428	-	22,428
Business travel	82,635	-	82,635
Printing	8,719	-	8,719
Equipment rental and			
maintenance	8,217	-	8,217
Insurance and bonding	25,703	-	25,703
Dues and subscriptions	9,093	-	9,093
Telephone	20,569	-	20,569
Postage	37,262	-	37,262
Rent	109,534	-	109,534
Advertising	1,530	-	1,530
Professional fees	60,876	-	60,876
Equipment purchases	6,531	-	6,531
Long-term debt principal	9,931	-	9,931
Miscellaneous	6,590	-	6,590
Program costs	-	1,027,452	1,027,452
	<u>2,521,016</u>	<u>1,027,452</u>	<u>3,548,468</u>
Total expenditures	2,521,016	1,027,452	3,548,468
Excess of revenues over			
expenditures	\$ 28,712	\$ -	\$ 28,712

Continued on next page.

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS - CONTINUED**
For the year ended June 30, 2004

	<u>ECIA</u>	<u>WIA</u>	<u>Total</u>
	General Fund	Special Revenue Fund	Total
Other financing source			
Proceeds from long-term borrowing	\$ -	\$ -	\$ -
Excess of revenues and other financing source over expenditures	28,712	-	28,712
Fund balance at June 30, 2003	<u>223,932</u>	<u>-</u>	<u>223,932</u>
Fund balance at June 30, 2004	<u>\$ 252,644</u>	<u>\$ -</u>	<u>\$ 252,644</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2004

Net change in fund balances - total governmental funds \$ 28,712

Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. Assets disposed of for less than book value (cost - accumulated depreciation) are recorded as losses on disposition of fixed assets.

Capital outlay reported in governmental fund statements	\$ 6,531
Depreciation expense reported in the statement of activities	(24,519)
Gain on sale of fixed assets	3,750
Compensation for sale of fixed assets	<u>(3,750)</u>

Amount by which capital outlays and proceeds from fixed asset sales are less than depreciation and losses on fixed asset sales in the current period are: (17,988)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year is: 9,931

Change in net assets - governmental activities \$ 20,655

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

East Central Intergovernmental Association is organized pursuant to the provisions of Chapters 473A and 28E of the Code of Iowa as a regional planning organization designed to assist local governments cooperate with one another. The East Central Intergovernmental Association consists of a council of thirty locally elected and appointed officials from the counties of Cedar, Clinton, Delaware, Dubuque, and Jackson. This council, along with ECIA staff, seeks to coordinate relationships among local municipalities, improve communications with federal and state governments and to provide planning and programming assistance.

For financial reporting purposes, the Association has included all of its funds, organizations, account groups, agencies, and boards. The Association has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Association are such that exclusion would cause the Association's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Association to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Association. The financial statements presented herein do not include E.C.I.A. Business Growth, Inc. or Eastern Iowa Regional Housing Authority, which have been formed as separate and distinct entities.

The financial statements of the Association consist of the following operations: East Central Intergovernmental Association (a planning agency) and Workforce Investment Act (WIA) (job training and retraining programs administered the East Central Governmental Association).

2. Basis of Presentation

Association-wide Statements - The statement of net assets and the statement of activities present financial information about the Association's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The Association has no business-type activities or fiduciary funds. However, such activities or funds would be included in these financial statements if they existed.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation - Continued

Association-wide Statements - Continued - The statement of activities presents a comparison between direct/ indirect expenses and revenues for each program of the Association's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are common entity-wide expenses allocated to programs based on direct labor costs. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements - The fund statements provide information about the Association's funds. Separate statements for each fund category -- governmental, proprietary, and fiduciary, as applicable -- are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, as applicable with each displayed in a separate column. All remaining governmental and enterprise funds, as applicable are aggregated and reported as non-major funds. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Association reports the following major governmental funds:

General fund - This is the Association's primary operating fund. All financial activity not required to be accounted for in another fund is accounted for in the general fund.

Special revenue fund - This fund accounts for activities associated with providing job training and retraining programs. Sources include grants received from the federal government.

3. Measurement Focus and Basis of Accounting

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Association considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus and Basis of Accounting - Continued

Under the terms of grant agreements, the Association may fund certain programs by a combination of specific cost-reimbursement grants, service fees, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the Association's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

4. Budgets

The Association, although not legally required to do so, annually adopts a budget on a basis consistent with generally accepted accounting principles. A budget is adopted for the general fund annually and amended upon board approval. Appropriations lapse at fiscal year end. The adopted budget and budgetary expenditure control is exercised at the expenditure type level (salaries, rent, etc.). No budget is legally adopted for the special revenue fund.

5. Cash and Investments

The Association's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless regulations require separate investment accounts. The Association's investment policy permits investment of available cash balances in time deposits at any bank or credit union in the State of Iowa, U.S. Treasury obligations, U.S. agency issues and certain repurchase agreements. All investments are stated at fair market value.

6. Receivables

Any amounts reported on the statement of net assets for due to and due from other funds represents amounts due between different fund types (governmental activities, business-type activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

Accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Capital Assets

Capital assets are reported at actual cost if available. Estimated cost is used when actual cost is not determinable. Donated assets are reported at estimated fair market value on the date received. Repairs and maintenance are recorded as expenditures; replacements and betterments that extend an assets life by greater than one year are capitalized.

8. Depreciation

The Association provides for depreciation of equipment and leasehold improvements using annual rates that are sufficient to amortize the cost of depreciable assets over their estimated useful lives using the straight-line method of depreciation. For the year ended June 30, 2004, depreciation expense was \$24,519.

9. Retirement Plans

Association employees participate in the Iowa Public Employees Retirement System (IPERS). All contributions made by the Association on behalf of its employees are reported as expenditures when earned.

10. Inter-fund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as revenues in the fund that is reimbursed.

11. Memorandum Only - Total Columns

Total columns on the governmental fund financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position in conformity with accounting principles generally accepted in the United States. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in aggregation of this data.

12. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2004

NOTE B - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND ASSOCIATION-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and Association-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

1. Changes in Accounting Principles

For the year ended June 30, 2004 the Association implemented Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." GASB 34 creates a new set of basic financial statements. GASB 34 requires the Association to include Association-wide financial statements that are prepared on an accrual basis of accounting using the economic resources measurement focus. The previous requirement for fund financial statements is modified to present information for individual major funds rather than by fund type. Non-major funds, if present are presented as a total in one column.

GASB 34 provides additional clarification of the definition for proprietary funds. Based on the clarification, the Association has no proprietary funds. Therefore, no proprietary funds are included on the Association-wide statements.

2. Adjustment of Prior Year Ending Balances to Current Year Beginning Balances

The implementation of GASB 34 resulted in the need to restate prior year ending balances. The adjustments found on the following page were necessary.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2004

**NOTE B - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND
STATEMENTS AND DISTRICT-WIDE STATEMENTS - CONTINUED**

**2. Adjustment of Prior Year Ending Balances to Current Year
Beginning Balances - Continued**

Financial statements for the year ended June 30, 2003 were issued in conformance with generally accepted accounting principles. GASB Statement No. 34 requires certain amounts be restated. The reconciliation of restated amounts to the June 30, 2003 year-end balance follows.

Total equity reported at June 30, 2003	\$ 272,280
Less	
Capital assets	<u>(48,348)</u>
July 1, 2003 fund balance reported on governmental funds statement of revenues, expenditures and changes in fund balance, as adjusted	223,932

The following adjustments are necessary to determine the beginning net assets for the statement of activities:

Capital asset related items	
Capital assets reported on June 30, 2003	48,348
Long-term outstanding obligations items	
Long-term obligations as of June 30, 2003	<u>(19,575)</u>
July 1, 2003 net assets reported on statement of activities for governmental activities	<u>\$ 252,705</u>

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2004

NOTE B - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND
STATEMENTS AND DISTRICT-WIDE STATEMENTS - CONTINUED

3. Explanation of Differences Between Governmental Funds Statement of
Revenues, Expenditures and Changes in Fund Balances and the Statement of
Activities

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

1. Long-term revenue differences that arise because governmental funds report revenues only when they are considered "available," whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported recognize the change in vested employee benefits.
2. Capital related differences that represent the difference between recording expenditures for the purchase of capital items in the governmental fund statements and depreciation expense on all capital items as recorded in the statement of activities.
3. Long-term debt transaction differences that occur because proceeds from debt issues and both interest and principal debt payments are recorded as revenues or expenditures, as applicable, in the governmental fund statements, whereas debt proceeds or principal payments are recorded as an increase or decrease, as applicable, in the statement of net assets, and interest expense is recorded in the statement of activities as incurred.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2004

NOTE B - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND ASSOCIATION-WIDE STATEMENTS - CONTINUED

3. Explanation of Differences Between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities - Continued

	Total Governmental Funds	Long-term Revenue/ Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Total
Revenues and other source					
Federal	\$ 299,564	\$ -	\$ -	\$ -	\$ 299,564
State of Iowa	13,558	-	-	-	13,558
State of Wisconsin	787	-	-	-	787
Membership fees	77,810	-	-	-	77,810
Fees and assessments	265,623	-	-	-	265,623
Other	134,968	-	-	-	134,968
Eastern Iowa Regional	-	-	-	-	-
Housing Authority (EIHRA)	720,660	-	-	-	720,660
Maquoketa Housing Authority	49,627	-	-	-	49,627
Economic Development Set-Aside	1,789	-	-	-	1,789
CDBG administration	307,351	-	-	-	307,351
Workforce Investment Act	1,701,147	-	-	-	1,701,147
Interest	546	-	-	-	546
Sale of equipment	3,750	-	(3,750)	-	-
Gain on sale of equipment	-	-	3,750	-	3,750
Total revenues	3,577,180	-	-	-	3,577,180
Expenditures					
Salaries, wages and fringe					
benefits	2,083,215	-	-	-	2,083,215
Office supplies	28,151	-	-	-	28,151
Operating materials	32	-	-	-	32
Conferences and training	22,428	-	-	-	22,428
Business travel	82,635	-	-	-	82,635
Printing	8,719	-	-	-	8,719
Equipment rental and					
maintenance	8,217	-	-	-	8,217
Insurance and bonding	25,703	-	-	-	25,703
Dues and subscriptions	9,093	-	-	-	9,093
Telephone	20,569	-	-	-	20,569
Postage	37,262	-	-	-	37,262
Rent	109,534	-	-	-	109,534
Advertising	1,530	-	-	-	1,530
Professional fees	60,876	-	-	-	60,876
Depreciation	-	-	24,519	-	24,519
Equipment purchases	6,531	-	(6,531)	-	-
Long-term debt principal	9,931	-	-	(9,931)	-
Miscellaneous	6,590	-	-	-	6,590
WIA program costs	1,027,452	-	-	-	1,027,452
Total expenditures	3,548,468	-	17,988	(9,931)	3,556,525
Net change for the year	\$ 28,712	\$ -	\$ (17,988)	\$ 9,931	\$ 20,655

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2004

NOTE C - CASH DEPOSITS

The Association's deposits at June 30, 2004 were entirely covered by FDIC insurance, collateralized with securities or letters of credit held by the Association or the Association's agent in the Association's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Association is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposits or other evidences of deposit at federally insured depository institutions approved by the Association and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Association's savings accounts and certificates of deposits are classified as cash deposits.

NOTE D - ACCOUNTS RECEIVABLE

At June 30, 2004 and 2003, the Association had the following accounts receivable outstanding for grants and fees:

	2004	2003
Iowa DOT - FHWA planning	\$ 32,621	\$ 34,216
Iowa DOT - RPA	13,986	6,669
Iowa DOT - MPO	1,400	-
Illinois DOT - Sec 8	-	1,923
Wisconsin DOT - FHWA planning	7,088	-
EDA Grant	8,628	7,459
Iowa Workforce Development - Welfare-to-Work Grant	-	878
Iowa Workforce Development - Promise Jobs Grant	-	49
WIA programs and administration	52,309	58,442
Eastern Iowa Regional Housing Authority	123,287	61,587
Local contract charges	59,571	63,011
E.C.I.A. Business Growth, Inc.	15,965	6,003
Upper Explorerland RPC	-	395
Miscellaneous	2,816	1,002
Total	\$ <u>317,671</u>	\$ <u>241,634</u>

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2004

NOTE E - PENSION AND RETIREMENT BENEFITS

The Association contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost sharing multiple employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the Association is required to contribute 5.75% of annual covered payroll to the plan. Contribution requirements are established by State statute. The Association's contribution to IPERS for the year ended June 30, 2004 of \$88,882 is equal to the required contribution for the year. The Association's contributions for the years ended June 30, 2003 and 2002 were \$86,570 and \$78,598, respectively, equal to the required contributions for those years.

NOTE F - COMPENSATED ABSENCES

Association employees accumulate vacation hours for subsequent use or for payment upon termination, retirement or death. Sick leave hours accumulate for subsequent use and are not recognized as expenditures by the Association until used. The Association's approximate liability for unrecognized accrued employee benefits at June 30, 2004 is as follows:

Sick Leave	\$ <u>224,067</u>
------------	-------------------

Sick leave is accumulated at a rate of one day per month to a maximum accumulation of 100 days. Use of sick leave is available only to employees of record. There is no payoff of unused accumulated sick leave upon termination.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2004

NOTE G - OPERATING LEASE COMMITMENTS

The Association leases shared office space in Manchester, Iowa under a one-year lease, renewable annually. The Association is required to make monthly payments of \$455 until December 31, 2004 under its current agreement.

The Association also subleases additional office space in Dubuque from the Iowa Workforce Development Department under a sublease dated January 29, 1998. Under the terms of the sublease, the Association is required to make monthly payments of \$1,604 from January 1, 1998 through December 31, 2007, as required by an August 18, 1998 amendment to the original sublease agreement. The Association used a grant from the Iowa Department of Employment Services, in part, to buy down this ten-year lease to the monthly payments listed above. The cost of the buy down, which was paid prior to July 1, 1998 and was shown as part of rent expense for the fiscal year ended June 30, 1998, was \$50,000.

Finally, the Association leases office space in Dubuque for its primary operations. The lease began October 1, 2002 and runs until September 30, 2007. The lease requires monthly payments of \$5,209 monthly.

Future minimum lease payments are as follows:

	Manchester Sublease	Dubuque Office Space	Dubuque Sublease
June 30,			
2005	\$ 2,730	\$ 62,508	\$ 19,248
2006	-	62,508	19,248
2007	-	62,508	9,624
2008	-	15,627	-
Total	<u>\$ 2,730</u>	<u>\$ 203,151</u>	<u>\$ 48,120</u>

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2004

NOTE H - FIXED ASSETS

A summary of changes in property and equipment comprising general fixed assets is as follows:

	Balance at July 1, 2003	Additions	Deletions	Balance at June 30, 2004
Leasehold improvements	\$ 3,504	\$ -	\$ -	\$ 3,504
Equipment and furniture	158,322	6,531	17,876	146,977
Subtotal	161,826	6,531	17,876	150,481
Accumulated Depreciation	113,478	24,519	17,876	120,121
Total	\$ <u>48,348</u>	\$ <u>(17,988)</u>	\$ <u>-</u>	\$ <u>30,360</u>

NOTE I - GENERAL LONG-TERM DEBT

Long-term debt transactions for the year ended June 30, 2004 are as follows:

	Principal	Interest	Totals
Notes payable			
Balance at July 1, 2003	\$ 19,575	\$ 1,199	\$ 20,774
Payments	(9,931)	(906)	(10,837)
Balance at June 30, 2004	\$ <u>9,644</u>	\$ <u>293</u>	\$ <u>9,937</u>

Long-term debt at June 30, 2004 is comprised of the following:

\$29,698 commercial loan from American Trust and Savings Bank dated May 23, 2004 and due in monthly installments of \$903.21, including interest at 6.0% per annum until May 20, 2005.

The annual requirements needed to amortize the long-term debt of the Association as of June 30, 2004, is as follows:

Year ended June 30,	Principal	Interest	Total
2005	\$ <u>9,644</u>	\$ <u>293</u>	\$ <u>9,937</u>

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2004

NOTE J - RISK MANAGEMENT

The Association is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL INFORMATION

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
Revenues				
Federal	\$ 218,584	\$ 263,890	\$ 299,564	\$ 35,674
State of Iowa	15,375	13,558	13,558	-
State of Wisconsin	-	-	787	787
Membership fees	77,810	77,810	77,810	-
Fees and assessments	97,000	159,078	265,623	106,545
Other	120,338	122,041	134,968	12,927
Eastern Iowa Regional Housing Authority (EIHRA)	803,146	847,584	720,660	(126,924)
Maquoketa Housing Authority	-	49,627	49,627	-
Economic Development Set-Aside	1,789	1,789	1,789	-
CDBG administration	386,776	363,248	307,351	(55,897)
Workforce Investment Act	631,612	670,484	673,695	3,211
Interest	1,500	609	546	(63)
Sale of equipment	-	-	3,750	3,750
Total revenues	2,353,930	2,569,718	2,549,728	(19,990)
Expenditures				
Salaries, wages and fringe benefits	1,940,976	2,106,900	2,083,215	23,685
Office supplies	31,000	30,000	28,151	1,849
Operating materials	-	-	32	(32)
Conferences and training	15,000	14,000	22,428	(8,428)
Business travel	80,000	76,000	82,635	(6,635)
Printing	15,000	9,000	8,719	281
Equipment rental and maintenance	10,500	8,000	8,217	(217)
Insurance and bonding	25,000	25,000	25,703	(703)
Dues and subscriptions	10,000	10,000	9,093	907
Telephone	19,000	20,400	20,569	(169)
Postage	29,000	36,000	37,262	(1,262)
Rent	100,000	109,000	109,534	(534)
Advertising	3,000	2,000	1,530	470
Professional fees	40,000	63,773	60,876	2,897
Equipment purchases	4,000	6,531	6,531	-
Depreciation	22,917	24,521	-	24,521
Long-term debt principal	-	9,932	9,931	1
Miscellaneous	6,200	7,479	6,590	889
Total expenditures	2,351,593	2,558,536	2,521,016	37,520

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED**
For the year ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	Final Budget
				Favorable
				(Unfavorable)
Excess of revenues over expenditures	\$ 2,337	\$ 11,182	\$ 28,712	\$ 17,530
Fund balance at beginning of year	<u>223,932</u>	<u>223,932</u>	<u>223,932</u>	<u>-</u>
Fund balance at end of year	\$ <u>226,269</u>	\$ <u>235,114</u>	\$ <u>252,644</u>	\$ <u>17,530</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BY PROGRAM
For the Year Ended June 30, 2004

		30	35	40	45	50	55	60	65
		FHWA and Section 8 Transportation	WIA Rockwell Collins	General Technical Assistance	ECIA Business Growth	Economic Development Grant	EIHRA	Community Transportation Association	Evergreen Meadows
	Totals								
REVENUES									
Federal	\$ 299,564	\$ 100,739	\$ -	\$ -	\$ -	\$ 52,493	\$ -	\$ 50,000	\$ -
State of Iowa	13,558	4,183	-	-	-	9,375	-	-	-
State of Wisconsin	787	787	-	-	-	-	-	-	-
Membership fees	77,810	18,957	-	6,474	-	19,080	-	-	-
Fees and assessments	265,623	3,403	-	149,523	-	9,695	-	-	102,442
Other	134,968	-	-	-	134,881	-	-	-	-
EIHRA	720,660	-	-	-	-	-	720,660	-	-
Maquoketa Housing Authority	49,627	-	-	-	-	-	-	-	-
Economic Development Set-Aside	1,789	-	-	-	-	-	-	-	-
CDBG administration	307,351	-	-	-	-	-	-	-	-
WIA and related programs	673,695	-	38,354	-	-	-	-	-	-
Interest	546	-	-	-	-	-	-	-	-
Sale of equipment	3,750	-	-	-	-	-	-	-	-
Pass-through	-	-	-	-	-	-	-	-	-
Total revenues	2,549,728	128,069	38,354	155,997	134,881	90,643	720,660	50,000	102,442
EXPENDITURES									
Salaries, wages and fringe benefits	2,083,215	99,972	32,741	124,731	104,363	68,482	627,308	43,447	92,807
Office supplies	28,151	1,658	356	2,769	1,087	1,092	8,100	352	648
Operating materials	32	-	-	-	-	-	-	-	-
Conferences and training	22,428	666	148	516	3,858	3,055	2,205	44	100
Business travel	82,635	6,675	1,253	6,639	5,383	5,438	4,591	881	357
Printing	8,719	977	128	884	282	257	1,461	231	360
Equipment rental and maintenance	8,217	298	122	446	346	223	2,146	186	294
Insurance and bonding	25,703	797	702	1,224	694	515	4,431	317	486
Dues and subscriptions	9,093	447	42	602	1,575	2,512	571	73	97
Telephone	20,569	1,578	121	1,234	1,376	1,873	7,126	66	101
Postage	37,262	2,085	315	1,304	1,487	1,090	15,128	678	1,529
Rent	109,534	5,943	1,754	7,467	5,704	4,193	27,489	2,598	4,037
Advertising	1,530	576	6	15	11	5	43	12	19
Professional fees	60,876	4,783	456	6,369	6,423	1,050	13,940	714	1,140
Depreciation	24,519	1,614	210	1,797	2,292	858	6,121	401	467
Equipment purchases	6,531	-	-	-	-	-	-	-	-
Long-term debt principal	9,931	-	-	-	-	-	-	-	-
Miscellaneous	6,590	-	-	-	-	-	-	-	-
Pass-through	-	-	-	-	-	-	-	-	-
Total expenditures	2,545,535	128,069	38,354	155,997	134,881	90,643	720,660	50,000	102,442
Excess of revenues over (under) expenditures	\$ 4,193	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Continued on next page.

East Central Intergovernmental Association
Dubuque, Iowa

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BY PROGRAM - CONTINUED
For the Year Ended June 30, 2004

	70	75	80	85	90	A00	B00	E00	M00
	Welfare to Work	Promise Jobs	Regional Transit RPA/STP	CDBG Admini- stration	General	WIA	WIA Title III Discretionary	Economic Development Set-Aside	Maquoketa Housing Authority
REVENUES									
Federal	\$ -	\$ -	\$ 48,986	\$ 47,346	\$ -	\$ -	\$ -	\$ -	\$ -
State of Iowa	-	-	-	-	-	-	-	-	-
State of Wisconsin	-	-	-	-	-	-	-	-	-
Membership fees	-	-	10,437	-	22,862	-	-	-	-
Fees and assessments	-	-	560	-	-	-	-	-	-
Other	-	-	-	-	87	-	-	-	-
EIHRA	-	-	-	-	-	-	-	-	-
Maquoketa Housing Authority	-	-	-	-	-	-	-	-	49,627
Economic Development Set-Aside	-	-	-	-	-	-	-	1,789	-
CDBG administration	-	-	-	307,351	-	-	-	-	-
Workforce Investment Act	17,934	202,147	-	-	-	361,737	53,523	-	-
Interest	-	-	-	-	546	-	-	-	-
Sale of equipment	-	-	-	-	3,750	-	-	-	-
Pass-through	-	-	-	-	-	-	-	-	-
Total revenues	17,934	202,147	59,983	354,697	27,245	361,737	53,523	1,789	49,627
EXPENDITURES									
Salaries, wages and fringe benefits	16,379	166,308	43,250	275,399	-	298,818	44,128	1,635	43,447
Office supplies	53	2,767	949	3,101	-	4,093	628	9	489
Operating materials	-	-	-	-	-	-	32	-	-
Conferences and training	36	2,220	355	2,517	-	5,185	1,513	10	-
Business travel	536	7,966	4,757	19,851	-	15,313	2,798	2	195
Printing	21	771	113	807	-	1,918	195	5	309
Equipment rental and maintenance	10	781	187	1,217	-	1,706	127	-	128
Insurance and bonding	-	1,253	413	10,013	-	3,521	572	11	754
Dues and subscriptions	3	968	46	451	-	1,584	52	-	70
Telephone	31	808	881	3,818	-	1,153	95	2	306
Postage	43	3,413	841	3,607	-	4,399	604	4	735
Rent	784	9,448	2,925	17,255	-	15,579	2,029	82	2,247
Advertising	-	28	663	81	-	42	9	-	20
Professional fees	-	3,663	3,707	12,004	-	5,510	452	19	646
Depreciation	38	1,753	896	4,576	-	2,916	289	10	281
Equipment purchases	-	-	-	-	6,531	-	-	-	-
Long-term debt principal	-	-	-	-	9,931	-	-	-	-
Miscellaneous	-	-	-	-	6,590	-	-	-	-
Pass-through	-	-	-	-	-	-	-	-	-
Total expenditures	17,934	202,147	59,983	354,697	23,052	361,737	53,523	1,789	49,627
Excess of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ 4,193	\$ -	\$ -	\$ -	\$ -

Continued from previous page.

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
**SCHEDULE OF CUMULATIVE REVENUES AND EXPENDITURES
AND COMPUTATION OF PROJECT GRANTS EARNED**
For the Year Ended June 30, 2004

	30	80	50				
	FHWA and FTA Section 8 Transportation 04MPO-ECIA	Regional Transit RPA 04RPA-08	United States Department of Commerce Economic Development Planning Grant				
			05-83-06413-03			05-83-038-24	
			Prior Audit 1/1-6/30/03	Current Year 7/1-12/31/03	Total 1/1-12/31/03	Current Year 1/1-6/30/04	Total Fiscal Year
REVENUES							
Federal - EDA	\$ -	\$ -	\$ 33,459	\$ 18,541	\$ 52,000	\$ 33,952	\$ 52,493
Federal - Planning	100,739	48,986	-	-	-	-	-
State of Iowa - Planning	-	-	617	4,141	4,758	5,234	9,375
State of Iowa - Other	4,183	-	-	-	-	-	-
State of Wisconsin	787	-	-	-	-	-	-
Membership fees	18,957	10,437	631	19,184	19,815	(104)	19,080
Fees and assessments	3,403	560	9,905	3,507	13,412	6,188	9,695
Total revenues	128,069	59,983	44,612	45,373	89,985	45,270	90,643
EXPENDITURES							
Salaries, wages and fringe benefits	99,972	43,250	33,772	34,565	68,337	33,917	68,482
Office supplies	1,658	949	334	750	1,084	342	1,092
Operating materials	-	-	-	-	-	-	-
Conferences and training	666	355	2,298	422	2,720	2,633	3,055
Business travel	6,675	4,757	2,814	2,207	5,021	3,231	5,438
Printing	977	113	123	131	254	126	257
Equipment rental and maintenance	298	-	59	108	167	115	223
Insurance and bonding	797	187	254	244	498	271	515
Dues and subscriptions	447	413	438	2,208	2,646	304	2,512
Telephone	1,578	46	859	965	1,824	908	1,873
Postage	2,085	881	471	644	1,115	446	1,090
Rent	5,943	841	1,908	2,115	4,023	2,078	4,193
Advertising	576	2,925	-	-	-	5	5
Professional fees	4,783	663	748	584	1,332	466	1,050
Depreciation	1,614	3,707	534	430	964	428	858
Equipment purchases	-	896	-	-	-	-	-
Total expenditures	128,069	59,983	44,612	45,373	89,985	45,270	90,643
Less expenses funded 100% under certain grants	-	-	-	-	-	-	-
Expense basis for computation of federal and/or state participation in project cost	128,069	59,983	44,612	45,373	89,985	45,270	
Federal or state participation percentage	80%	80%	75%	75%	75%	75%	
Computed project grant earned	\$ 102,455	\$ 47,986	\$ 33,459	\$ 34,030	\$ 67,489	\$ 33,952	
Pursuant to contracts, the grants may not exceed the lesser of the eligible cost incurred multiplied by the percentage of participation or:	\$ 100,739	\$ 48,986	\$ 33,459	\$ 18,541	\$ 52,000	\$ 33,952	
Therefore, the grants earned equal:	\$ 100,739	\$ 48,986	\$ 33,459	\$ 18,541	\$ 52,000	\$ 33,952	

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
COMBINING BALANCE SHEET - BY CONTRACT -
WORKFORCE INVESTMENT ACT (WIA)
June 30, 2004

Pass-through Entity:	Upper Explorerland Regional Planning Commission						Iowa Workforce Development Department				
Contract Number:	East Cental Intergovernmental Association and Upper Explorerland Regional Planning Commission Joint Agreement						2-W-FR- W2-3-03 February 15, 2003 through June 30, 2004 WIA Title I Rockwell Collins	4-W-FR- P3-0-01 December 1, 2003 through June 30, 2006 Eagle Foods Discretionary Grant	4-W-PF- RR-0-10 September 15, 2003 through January 13, 2004 Eagle Foods Early Intervention	99-WTW- J000-001 July 1, 2000 through June 30, 2004 Welfare- to-Work Program	
Contract Period:	July 1, 2003 through June 30, 2004										
Program:	Admini- stration	Adult Formula	Youth in School Formula	Youth out of School Formula	Dislocated Worker Formula	Dislocated Worker Incentive					
Assets											Totals
Cash	\$ 301	\$ -	\$ 240	\$ 1,572	\$ -	\$ -	\$ 2,416	\$ 1,613	\$ -	\$ -	\$ 6,142
Prepaid expenses	-	1,418	-	-	417	-	-	-	-	-	1,835
	<u>\$ 301</u>	<u>\$ 1,418</u>	<u>\$ 240</u>	<u>\$ 1,572</u>	<u>\$ 417</u>	<u>\$ -</u>	<u>\$ 2,416</u>	<u>\$ 1,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,977</u>
Liabilities and Fund Balance											
Accounts payable	\$ -	\$ -	\$ 240	\$ 1,572	\$ -	\$ -	\$ 2,416	\$ 1,613	\$ -	\$ -	\$ 5,841
Excess of outstanding checks over bank balance	-	1,418	-	-	417	-	-	-	-	-	1,835
Deferred revenues	<u>301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>301</u>
Total liabilities	301	1,418	240	1,572	417	-	2,416	1,613	-	-	7,977
Fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 301</u>	<u>\$ 1,418</u>	<u>\$ 240</u>	<u>\$ 1,572</u>	<u>\$ 417</u>	<u>\$ -</u>	<u>\$ 2,416</u>	<u>\$ 1,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,977</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
COMBINING STATEMENT OF REVENUES AND EXPENDITURES -
WORKFORCE INVESTMENT ACT (WIA)
For the year ended June 30, 2004

Pass-through Entity:	Upper Explorerland Regional Planning Commission						Iowa Workforce Development Department				
Contract Number:	East Central Intergovernmental Association and Upper Explorerland Regional Planning Commission Joint Agreement						2-W-FR- W2-3-03 February 15, 2002 through June 30, 2004	4-W-FR- P3-0-01 December 1, 2003 through June 30, 2006	4-W-PF- RR-0-10 September 15, 2003 through January 13, 2004	99-WTW- J000-001 July 1, 2000 through June 30, 2004	
Contract Period:	July 1, 2003 through June 30, 2004						WIA Title I Rockwell Collins	Eagle Foods Discretionary Grant	Eagle Foods Early Intervention	Welfare- to-Work Program	
Program:	Admini- stration	Adult Formula	Youth in School Formula	Youth out of School Formula	Dislocated Worker Formula	Dislocated Worker Incentive					Totals
Revenues											
Grants	\$ 68,430	\$ 156,918	\$ 102,759	\$ 100,928	\$ 194,881	\$ 100,536	\$ 193,288	\$ 96,387	\$ 13,325	\$ 32,792	\$ 1,027,452
Expenditures											
Administration	68,430	-	-	-	-	-	15,374	12,595	-	-	96,399
Training related and support services	-	23,992	8,753	9,879	48,408	19,654	115,569	4,151	-	-	230,406
Direct training services	-	132,926	94,006	91,049	146,473	80,882	62,345	79,641	13,325	32,792	700,647
Pass-through to sub-grantee	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	68,430	156,918	102,759	100,928	194,881	100,536	193,288	96,387	13,325	32,792	1,027,452
Excess of revenues over (under) expenditures	-	-	-	-	-	-	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-	-	-	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
 Dubuque, Iowa
BRIDGING SCHEDULE OF REVENUES AND EXPENDITURES -
WORKFORCE INVESTMENT ACT (WIA) -
TITLE I - ROCKWELL COLLINS DISCRETIONARY
 For the Year Ended June 30, 2004

Contract Number:	<u>2-W-FR-W2-3-03</u>			
Contract Period:	<u>February 15, 2002 through June 30, 2004</u>			
Passed through:	Iowa Workforce Development Department			
ECIA Period:	<u>Year ended</u> <u>June 30, 2002</u>	<u>Year ended</u> <u>June 30, 2003</u>	<u>Year ended</u> <u>June 30, 2004</u>	<u>Total</u> <u>Contract</u>
Revenues	\$ 38,737	\$ 335,289	\$ 193,288	\$ 567,314
Expenditures				
Administration	649	12,250	15,374	28,273
Training related and support services	11,796	125,336	115,569	252,701
Direct training services	26,292	197,703	62,345	286,340
Passed through to Upper Explorerland RPC	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>38,737</u>	<u>335,289</u>	<u>193,288</u>	<u>567,314</u>
Excess of revenues over (under) expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
BRIDGING SCHEDULE OF REVENUES AND EXPENDITURES -
WORKFORCE INVESTMENT ACT (WIA) -
WELFARE-TO-WORK
For the Year Ended June 30, 2004

Contract Number:	99-WTW-J000-001				
Contract Period:	July 1, 2000 through June 30, 2004				
Passed through:	Iowa Workforce Development Department				
ECIA Period:	Year ended June 30,				Total
	2001	2002	2003	2004	Contract
Revenues	\$ 80,891	\$ 147,235	\$ 184,582	\$ 32,792	\$ 445,500
Expenditures					
Administration	6,959	31,088	6,917	-	44,964
Training related and support services	5,068	5,687	9,521	-	20,276
Direct training services	68,864	110,460	168,144	32,792	380,260
Passed through to Upper Explorerland RPC	-	-	-	-	-
Total expenditures	80,891	147,235	184,582	32,792	445,500
Excess of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the year ended June 30, 2004

<u>Grantor/Program</u>	<u>Federal CDFA Number</u>	<u>Agency or Pass-Through Grantor's Number</u>	<u>Accrual Basis Program Disbursements</u>
Direct			
United States Department of Commerce			
EDA Planning Grant	11.302	05-83-06413-03 05-83-06413-04	\$ 18,541 <u>33,952</u>
Total United States Department of Commerce			52,493
Indirect:			
United States Department of Health and Human Services			
Passed through Upper Explorerland Regional Planning Commission Promise Jobs	93.558	UERPC/ECIA Contract	<u>202,147</u>
Total United States Department of Health and Human Services			202,147
United States Department of Labor			
Passed through Upper Explorerland Regional Planning Commission Welfare-to-Work Program	17.253	1-W-01-FR-0	32,792
Workforce Investment Act Cluster			
Administration	17.258	UERPC/ECIA Contract	68,430
Adult Formula	17.258	UERPC/ECIA Contract	156,918
Youth In School Formula	17.259	UERPC/ECIA Contract	102,759
Youth Out of School Formula	17.259	UERPC/ECIA Contract	100,928
Dislocated Worker Formula	17.260	UERPC/ECIA Contract	194,881
Dislocated Worker Incentive	17.260	UERPC/ECIA Contract	<u>100,536</u>
			724,452
Passed through Iowa Workforce Development Department			
Title I	17.255		
Rockwell Collins Early Discretionary		2-W-FR-W2-3-03	193,288
Eagle Foods Early Intervention		4-W-PF-RR-0-10	13,325
Eagle Foods Discretionary		4-W-FR-P3-0-01	<u>96,387</u>
			<u>303,000</u>
Total United States Department of Labor			1,060,244

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE - CONTINUED
For the year ended June 30, 2004

<u>Grantor/Program</u>	<u>Federal CDFA Number</u>	<u>Agency or Pass-Through Grantor's Number</u>	<u>Accrual Basis Program Disbursements</u>
United States Department of Transportation			
Passed through Iowa Department of Transportation			
FHWA Planning - RPA	20.515	04-RPA-08	\$ 43,986
FTA Section 8	20.515	04-MPO-ECIA	20,030
FHWA - Planning	20.515	04-MPO-ECIA	62,255
Passed through Illinois Depart- ment of Transportation			
FHWA Planning	20.515	IDOT Contract	6,148
FTA Section 8	20.515	IDOT Contract	1,006
Passed through Wisconsin Depart- ment of Transportation			
FHWA Planning	20.515	WisDOT Contract	6,300
Passed through Community Trans- portation Association of America (CTAA)			
Transportation Planning Demonstration Project	20.500	CTAA/ESPA PG-06	<u>50,000</u>
Total United States Department of Transportation			189,725
United States Department of Homeland Security			
Passed through Iowa Department of Public Defense			
Hazard Mitigation Grant	97.047	PDM-2002-ECIA-00	<u>47,346</u>
Total Indirect			<u>1,499,462</u>
Total Federal Financial Assistance			<u>\$ 1,551,955</u>

Note:

1) This statement is prepared on the accrual basis of accounting.

The accompanying notes are an integral part of this statement.

TOSTRUD & TEMP, S.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Council Members
East Central Intergovernmental Association
Dubuque, Iowa

We have audited the financial statements of the East Central Intergovernmental Association ("the Association") as of and for the year ended June 30, 2004, and have issued our report thereon dated September 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; Chapter 11 of the Code of Iowa; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the governing council, and grantor agencies. However, this report is a matter of public record and its distribution is not limited.

Foster & Temp, S. C.

September 10, 2004

TOSTRUD & TEMP, S.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

Council Members
East Central Intergovernmental Association
Dubuque, Iowa

Compliance

We have audited the compliance of the East Central Intergovernmental Association (''the Association'') with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. The Association's major federal programs are identified in the Schedule of Federal Financial Assistance. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its federal programs is the responsibility of the Association's management. Our responsibility is to express an opinion on the Association's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; Chapter 11 of the Code of Iowa; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Association's compliance with those requirements.

In our opinion, the Association complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the East Central Intergovernmental Association is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Association's internal control over compliance with requirements that could have a direct effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the governing council, and grantor agencies. However, this report is a matter of public record and its distribution is not limited.

Forstlund & Temp, J. C.

September 10, 2004

East Central Intergovernmental Association
Dubuque, Iowa
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2004

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? ☐ yes ☒ no

Reportable condition(s) identified not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to the financial statements? ☐ yes ☒ no

Federal Awards

Internal control over financial reporting:

Material weakness identified? ☐ yes ☒ no

Reportable condition(s) identified not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 Section .510(1)? ☐ yes ☒ no

Identification of major federal program

CFDA Number	Name of Federal Program or Cluster
17.255	WIA Title I
17.258,17.259,17.260	WIA Cluster

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as a low-risk auditee? ☒ yes ☐ no

Section II - Financial Statement Findings

None

Section III - Federal and State Award Findings and Questioned Costs

None